

4 September 1979

Bruce,

I have given considerable thought to the Lehman options and feel that most of them miss addressing the underlying problem troubling NFAC. I gather, from the way Dick has arrayed the pros and cons, that he would have substantial reservations about some of them as well. Before I address the details of the various options, let me outline why I think major problems exist today.

- the present state of "tension" between NIO's and office directors is the product of poor self discipline on the part of us all and confusion about our roles, a result of the weak central direction we have experienced.
- NFAC production is in the process of moving to a new plateau of analytical complexity and we must evolve new processes to conceptualize and organize integrative research.

These are managerial and intellectual problems. Organizational changes will not necessarily solve or alleviate them.

In considering proposals for organizational change, I think it is important to keep NFAC production in perspective. Most of our research and production continues to be done by individual analysts on specific problems. It can be managed, for the most part, within offices with only modest review at the center. Some of Dick's proposals basically ignore that this constitutes the bulk of the work in NFAC.

By contrast, the multidisciplinary work is at the center of Dick's proposals and at the heart of NFAC production management problems. Much, but by no means all, of the multidisciplinary work involves both NIOs and office directors. The problems associated with this production must be managed as they will not go away.

-Consumers facing difficult issues do not want to be flooded with piecemeal analyses. They want important elements of an issue related and considered together. The pressures for increasingly integrative analysis have fallen heavily on the NIOs.

-NIOs are in turn looking to NFAC production offices to support an increasing number of lengthy, complex papers, a situation which had led to extraordinarily heavy demands and is worsening. OSR, for example, provides drafters for about one quarter of the products on the interagency schedule. Other agencies have provided little help and that prospect is not changing.

It seems to me that the time has come for us to recognize that we are moving toward a matrix organization. The motivating force is the complexity, scope and burden of the integrative products, especially those interagency products managed by NIOs. The result is that both NIOs and office directors have complementary roles to play in this area of NFAC production.

-NIOs must be the team leaders for interagency production

-offices must do the basic research and provide skilled drafting teams

-there must be a healthy planning process involving both NIOs and office directors or chaos will result.

I believe the model for a future NFAC is the decade long evolution of the NIO/SP program conducted in the military offices.

With these observations as background, let's turn briefly to the specific options.

1) Option A falls short because it separates (by independent subordination) the very people who depend upon each other for high quality, integrative production. To propose a drafting staff as suggested

in the sub paragraph is, I think, to overlook the difficult substantive problems that today's issues involve. If run on a regular rotational basis as opposed to an ad hoc team basis, a drafting staff would not likely contain the proper mix and depth of expertise to handle NIO needs.

2) Option B ignores the fact that the bulk of NFAC production comes from assigning individual analysts to individual problems. NIOs will never have the time to be responsible for all substantive matters and still manage the integrative, interagency efforts. Indeed, the assignment of analysts to increasingly difficult issues is the job of training and development done by office management.

3) Option C is the closest organizational arrangement to a working matrix but conceptually leaves the NIO responsible for a paper written in the offices. To be an effective team leader, the NIO must manage the drafting team assigned to him for the duration of the project. Moreover, NFAC office managers are not going to be seen as impartial, national level arbiters by other agencies.

4) Option D would greatly reduce our ability to produce the multidisciplinary papers desired by our consumers. It would become more difficult to attract high calibre analysts to NIO jobs and NIOs would have considerably less influence in motivating (or compelling) cooperation from other parts of the Community.

5) Option E adds a layer of management without assuring that either the managerial or intellectual problems confronting us are solved. Indeed, under Option E, it might become even more difficult to integrate political, economic and strategic consideration than it is today.

In short, I don't like any of the choices.

On the positive side, I think today's organization is a good point of departure to do two things:

- drive home the need for a judicious, planned matrix approach to large integrative analysis. You can solve the managerial problems with what you have.
- continue to make the Production Board an intellectual as well as a scheduling focal point. Substantive issues should be examined, conceptualized and organized for research and production by the colleagues who now sit on this Board--all of them.



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